



Senator Feinstein Delivers Speech to San Jose Business Leaders
April 14, 2004

San Jose, CA – U.S. Senator Dianne Feinstein (D-Calif.) today delivered a Washington Report to the Silicon Valley Manufacturing Group in San Jose, focusing on recent events in Iraq and recent testimony of the 9/11 Commission.

Following are Senator Feinstein's prepared remarks:

"I am delighted to be here in San Jose today. This is actually the fourth time in the past few years that I've had the opportunity to address this group. It's an honor that you like to hear from me so often.

Let me say a few words about the effort to bring BART [Bay Area Rapid Transit] to San Jose.

Federal funding for this project will likely be included in a new transportation authorization bill, if it is ever passed and signed into law.

The Senate has approved a \$318 billion bill. The House has approved a \$275 billion bill. But the White House has issued a veto threat, even though it is the most significant jobs bill we can pass.

As I have said in the past, Mayor Gonzales deserves praise for his tremendous leadership to fulfill his promise to bring BART to San Jose.

He is fortunate to have the collaboration of the Silicon Valley Manufacturing Group, their members, as well as the Valley Transportation Agency for their leadership in issuing \$170 million in bonds to keep the project moving forward.

Having local support is critical in obtaining federal matching funds for any transportation project, and especially one of this size.

Now, I like to start these speeches by honoring two stellar public high school students. In an era when we hear far too often about young people going astray, I like to focus on what some students have been able to accomplish in their lives.

Today, I am veering slightly off this path and recognizing two college students who have replaced their divot and given back to the community through the City Year program.

City Year – which is a member of AmeriCorps – is a one-year program for 17 to 24-year-olds interested in full-time service to their communities.

I am told the Silicon Valley Manufacturing Group helps sponsor the program locally. Congratulations on recognizing the importance of this effort.

First, we have Jane Ngo who is 21 years old and attends the University of Virginia. She has a 3.6 College GPA, and had a 3.9 GPA at Langley High School in McLean, VA.

Jane wanted to join AmeriCorps since first entering college. She took off a year from college after her third year to spend this year volunteering with City Year in San Jose.

During the day, she teaches 8th grade at Rogers Middle School and runs an after-school homework and life-skills program for at-risk students. She also leads math and reading programs during the school day as well as a lunchtime homework and tutoring center. And, in her spare time, Jane spends two nights a week teaching English at the Third Street Community Center.

After City Year, she will return to the University of Virginia where she is pursuing a B.A. in sociology and anthropology.

Currently part of the Distinguished Majors program in sociology, after graduation, she plans on entering a dual degree program in law and public administration.

The other young woman I would like to recognize today is Jie Zheng.

A local girl, she graduated from Palo Alto High School, and went on to Johns Hopkins University, where she received her B.S. in Biomedical Engineering with a minor in Computer Science and plans to go to medical school after she completes the City Year program.

Jie is here today with her father, Jimmy Zheng, and her mother Feng Chen.

Jie earned a 4.0 GPA in high school and a 3.8 GPA in college, and was a Silicon Valley Scholar throughout high school and college.

She decided to spend a year volunteering with City Year after college because she wanted the opportunity to work with people from diverse backgrounds.

Jie works at Rogers Middle School in San Jose, teaches a 6th grade English Language Learners class and tutors 7th grade students in math and science.

She runs an after school homework center in which she helps students to complete their homework and tracks their academic progress. Jie also is writing a curriculum on race, ethnicity and social action.

Last night, President Bush was asked the question whether his Administration has made any mistakes with regard to Iraq.

I believe several very serious mistakes were made:

- **Believing that we would be greeted as liberators;**

- Thinking that this could be done with a very limited number of troops;
- Disbanding the Sunni Baathist managers responsible for Iraq's water, electricity, sewer system and all the other critical parts of that country's infrastructure, along with the Iraqi army and police force; and
- Failing to provide a follow-on force that could have secured the Iraqi infrastructure from looters and the take-down of virtually all the infrastructure of Iraq.

So, after the military operation was over, we were immediately behind the 8-ball and we have been trying to catch up ever since.

Additionally, the war was fought because the Administration contended there was a grave, growing, and, yes, imminent threat that Iraq possessed and would use weapons of mass destruction, namely biological and chemical weapons.

For the past two-and-a-half years, I have served on the Senate Select Committee on Intelligence which provides oversight to the 15 intelligence departments of the United States government.

With respect to Iraq, the Intelligence Committee received a classified version of the National Intelligence Estimate (NIE) and an unclassified version was available to the public.

The key findings were very specific: Saddam Hussein possessed chemical and biological weapons.

I joined 76 members of the Senate to vote to give the President authorization to use force in Iraq.

To date, no biological or chemical weapons have been found in Iraq, and there is no evidence of any ongoing nuclear program – despite inspection of literally thousands of high-priority spots, by the military, by a special Iraqi survey group headed by Dr. David Kay, and now a replacement group.

It seems clear now that 1) we have a flawed intelligence system and 2) were misled by this Administration.

I don't believe that if the mission had been just regime change there would have been 77 votes in the Senate to authorize use of force. There certainly would not have been my vote, and there may not have been a majority.

Nonetheless, we are where we are. And I believe U.S. failure in Iraq would have profound implications. It would:

- Increase the likelihood of civil war, Sunni against Shi'ite against Kurd;

- **Dash any possibility for the spread of democracy and human rights in the region; and**
- **Embolden Al Qaeda, possibly leading to further attacks against the United States and our allies.**

The question now is whether the U.S. should turn over authority to an interim Iraqi regime on June 30; whether we have enough troops in the country to help guarantee that Iraq does not erupt into civil war; and whether we can convince the international community to help stabilize Iraq.

As I mentioned, the Administration selected the date of June 30 to hand over sovereignty to the Iraqi people.

The problem is that there is no plan that I know of to turn it over the government. To whom do you turn it over?

If we are going to be successful going forward, there are a few areas where I think we need to concentrate:

First, last night the President indicated that he would provide whatever troops and resources General Abizaid, commander of the U.S. forces in the region, felt were needed. It is estimated that this is between an additional 10,000 and 20,000 troops. This is vital and necessary.

This has been made even more important because the Iraq Police Service performed so poorly. When the going got tough, they are nowhere around.

Second, the United Nations and the international community must be given a greater role in helping to develop Iraq's transition to a new constitution and government, along with oversight of the economic restoration and rebuilding of the infrastructure.

The only force that Iraq could be turned over to, which would be credible internationally, and perhaps internally, would be the United Nations.

This would bring in the care and the concern of the entire world, and not just the United States, which has the most unfortunate role right now of being intensely hated by many in the Muslim world.

It is a very serious situation that confronts our nation. A clear and comprehensive plan of action is needed, and so far, I do not believe the President has presented one to the American public.

Now, let me turn to the hearings before the 9/11 Commission.

I have been very impressed by the conduct of this Commission, the testimony it has elicited from major public officials from the past and the present Administration, and the bipartisan basis on which it has conducted its business. The members have been doing a great service for this nation.

Members of the Intelligence Committee receive intelligence reports known as senior executive intelligence briefings. They are somewhat similar to the Presidential Daily Brief you have all heard about.

You can look through these and you see similar bits of intelligence. After you read them for a while, you can pick up signals from the text that are being sent from the intelligence community.

Back in June, July and August of 2001, directly prior to 9/11, the intelligence briefs were filled with action – what they called ‘the chatter’ was extraordinary.

George Tenet, it has been reported, was going around with his hair on end, trying to warn people that something was going to happen.

And yes, he came before our committee and he shared his concerns with us as well.

It is difficult for to understand how the President’s Daily Brief of August the 6th could be regarded as purely historical. That brief sent out signals that were major in scope.

It suggested patterns of activity that could lead to a hijacking in the United States. It indicated that Al Qaeda supporters have easy access to this country.

And it mentioned 70 field investigations that were being carried out by the FBI.

What should have happened?

What I think should have happened is the President should have gone back to Washington and cancelled his month-long vacation in Texas.

He should have pulled together the director of the FBI, the CIA, the DIA, his cabinet, the Attorney General, the Secretaries of State, Defense and Transportation, the head of the FAA – He should have said, ‘I want to have a report tomorrow from each and every one of you about the extent of the danger and what we can do to secure our nation.’

He should have asked for a report on each of the 70 investigations by the FBI and gone through them one by one.

Anybody who has ever run anything knows that the way to get the best out of people is by calling them together and holding them accountable and being specific about what you want.

And if you are the top person – the Mayor, the Governor, the President – you can cut through red tape and get it done. And that is what hands-on management is all about.

Unfortunately, things that might have rung a bell, didn’t ring a bell.

For example, the arrest of Zacharias Moussaoui on August 16 – He was in a flight school, but didn’t want to learn about landings and take-offs, only about steering a plane. That should have been a clue.

A memo written by an FBI agent in Phoenix, who mentioned a series of people taking flying lessons who bore further investigation, was sent as a routine memo.

It didn't percolate up the chain of command. It never got to the top.

These are things we need to examine closer. Not only to understand what went wrong, but how do we change things?

How do we provide an operational intelligence function in our government, which moves away from a cold war intelligence agency – the CIA vs. KGB – and instead is able to concentrate on non-state, asymmetric terror warfare.

Our major worry today should be a radioactive bomb or a second wave of attacks, perhaps on the West Coast.

And we have to see that the intelligence operations are in place to be able to find that out before another tragedy takes place.

I do not know if 'shaking the trees' would have allowed us to prevent 9/11. But I do know that if you are concerned about a threat, and if you believe that there is a systemic problem, you shake the trees. There is no evidence that this occurred, based on the testimony to the 9/11 Commission. My concern here is not primarily looking back or seeking to engage in recriminations.

My concern is looking forward: are we doing enough, now, to make sure that the United States, our citizens and our interests, are protected from the threats of tomorrow?

Now, let me turn briefly to a few other issues.

The number one domestic issue facing our nation is growing deficits and their impact on the economy and jobs.

Our deficit is now forecasted to be \$521 billion this year. This news is especially alarming given the many foreseen and unforeseen expenses facing our nation.

Further, these deficits affect each of us by causing interest rates to rise and consuming an ever-growing amount of our tax dollars on paying down the interest on the debt.

These deficits will be felt as soon as interest rates and inflation rise, and everything costs more, including homes and cars. The good news is that it appears we are finally turning a corner in this economic recovery.

Unfortunately, California and Silicon Valley remain a step behind, particularly in the area of job creation.

Last month showed job gains nationally – 308,000 jobs added, the highest number in four years – but only 5,200 net jobs were added statewide.

When you consider that California accounts for one-eighth of the U.S. labor market, these gains should be closer to 30,000 or 40,000 jobs.

Silicon Valley has been one of the hardest-hit areas in the nation with an unemployment rate of 6.8 percent and it has lost more than 200,000 jobs since the peak of the job market in 2000.

Many businesses are still shedding jobs. Sun Microsystems, for instance, announced earlier this month that it will lay off 3,300 workers worldwide.

The question we all must face is ‘What can we do about these job losses?’ We do know that downsizing and outsourcing have been major factor in these job losses.

Clearly, we must do more to foster economic growth and create jobs.

One opportunity to do so lies in the Foreign Sales Corporation bill that is now pending in the Senate.

This bill addresses a World Trade Organization ruling against giving subsidies to companies that export goods. The bill replaces the current system with tax treatment consistent with WTO regulations.

We all recognize that in the modern economy global business alliances are spreading around the world.

However, we must do all that we can to ensure that the United States remains competitive in the global marketplace.

For example, we should create incentives to companies to bring income earned overseas back to the United States and reinvest in activities that promote future job growth, such as research and development, capital improvements, or investment in the workforce.

The Foreign Sales Corporation bill also includes an amendment, which I sponsored with Jim Bunning and Debbie Stabenow, to speed up a 3 percent tax cut to manufacturers from 2010 to this year.

This provides a competitive incentive for manufacturers to produce jobs by reducing their tax burden immediately.

There has been a lot of discussion in recent months about outsourcing, sending jobs overseas.

This is largely because this nation has lost 2.8 million manufacturing jobs since January 2001. California has lost more than 300,000 manufacturing jobs over that same period.

I believe we must give companies incentives to keep jobs here, and we must ensure that taxpayer money is not used to subsidize outsourcing.

Silicon Valley, like no other region in the world, has shown a knack for harnessing America’s entrepreneurial spirit and creating new products.

I believe that this innovation should be encouraged, and we must also ensure that our nation's schools are educating a world-class workforce.

But we must also ensure that we keep our communities at home strong.

Indeed, Silicon Valley must continue to lead the way in providing highly-skilled jobs to Americans.”

###